

**ALASKA STATE LEGISLATURE  
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

March 3, 2021

1:30 p.m.

**MEMBERS PRESENT**

Senator Mia Costello, Chair  
Senator Roger Holland, Vice Chair  
Senator Joshua Revak (via teleconference)  
Senator Gary Stevens  
Senator Elvi Gray-Jackson

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 69

"An Act extending an exemption from regulation as a public utility for plants and facilities generating electricity entirely from renewable energy resources; and providing for an effective date."

- MOVED SB 69 OUT OF COMMITTEE

SENATE BILL NO. 54

"An Act authorizing and relating to the issuance of bonds by the Alaska Housing Finance Corporation for safe and clean water and hygienic sewage disposal facility capital projects and transportation projects; providing for the repayment of the bonds and bond costs; relating to the dividend paid to the state by the Alaska Housing Finance Corporation; and providing for an effective date."

- MOVED SB 54 OUT OF COMMITTEE

SENATE BILL NO. 55

"An Act relating to employer contributions to the Public Employees' Retirement System of Alaska; and providing for an effective date."

- MOVED SB 55 OUT OF COMMITTEE

SENATE BILL NO. 9

"An Act relating to alcoholic beverages; relating to the regulation of manufacturers, wholesalers, and retailers of alcoholic beverages; relating to licenses, endorsements, and permits involving alcoholic beverages; relating to common carrier approval to transport or deliver alcoholic beverages; relating to the Alcoholic Beverage Control Board; relating to offenses involving alcoholic beverages; amending Rule 17(h), Alaska Rules of Minor Offense Procedure; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

SENATE JOINT RESOLUTION NO. 9

Urging the United States Congress to exempt cruise ships from certain provisions of the Passenger Vessel Services Act and other applicable provisions of federal law for the period during which Canadian ports are closed to cruise ships carrying more than 100 people; and urging the President of the United States not to fine or take actions against cruise ships sailing to the state.

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 69

SHORT TITLE: EXEMPT RENEWABLE ENERGY ELECTRIC PLANTS

SPONSOR(s): SENATOR(s) REVAK

02/03/21	(S)	READ THE FIRST TIME - REFERRALS
02/03/21	(S)	L&C
02/10/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/10/21	(S)	<Bill Hearing Canceled>
02/15/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/15/21	(S)	Heard & Held
02/15/21	(S)	MINUTE(L&C)
03/03/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 54

SHORT TITLE: AHFC WATER & SEWER BONDS/TRANSPORTATION

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/25/21	(S)	READ THE FIRST TIME - REFERRALS
01/25/21	(S)	L&C, FIN
02/24/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/24/21	(S)	Heard & Held

02/24/21 (S) MINUTE (L&C)  
03/03/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 55

SHORT TITLE: EMPLOYER CONTRIBUTIONS TO PERS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/25/21 (S) READ THE FIRST TIME - REFERRALS  
01/25/21 (S) L&C, FIN  
02/22/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
02/22/21 (S) Heard & Held  
02/22/21 (S) MINUTE (L&C)  
03/03/21 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

#### **WITNESS REGISTER**

BRYAN BUTCHER, CEO/Executive Director  
Alaska Housing Finance Corporation (AHFC)  
Department of Revenue (DOR)  
Anchorage, Alaska

**POSITION STATEMENT:** Explained that SB 54 authorizes AHFC to sell tax-exempt capital project bonds, primarily for transportation and village safe water projects.

ROB CARPENTER, Deputy Commissioner  
Department of Transportation and Public Facilities (DOTPF)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions and provided information related to SB 54.

NEIL STEININGER, Director  
Office of Management and Budget  
Office of the Governor  
Juneau, Alaska

**POSITION STATEMENT:** Provided information and answered questions related to SB 55 on behalf of the administration.

#### **ACTION NARRATIVE**

1:30:27 PM

**CHAIR MIA COSTELLO** called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Gray-Jackson, Holland, Revak (via teleconference), and Chair Costello. Senator Stevens arrived soon thereafter.

**SB 69-EXEMPT RENEWABLE ENERGY ELECTRIC PLANTS**

[1:31:25 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 69 "An Act extending an exemption from regulation as a public utility for plants and facilities generating electricity entirely from renewable energy resources; and providing for an effective date."

She noted that public testimony was closed and the intention was to hear from the sponsor and move the bill from committee.

[1:31:47 PM](#)

SENATOR JOSH REVAK, speaking as the sponsor via teleconference, summarized that the bill is an [extension] of the exemption for small, private sector businesses from additional regulatory burden. He noted that Alaska is the only state that has this additional regulatory burden.

[1:32:26 PM](#)

SENATOR GRAY-JACKSON noted the letter from the Alaska Power Association and expressed hope that as a representative of small electric utilities, APA would have an opportunity to address its concerns when the bill goes through the public process in the House.

[1:33:37 PM](#)

SENATOR STEVENS joined the committee.

CHAIR COSTELLO said she informed the sponsor of the letter from APA in opposition to SB 69. The letter arrived after public testimony closed but she committed to follow the bill through the House process.

She listed the individuals online who were available to answer questions.

[1:35:06 PM](#)

SENATOR HOLLAND noted that he talked to the sponsor about potentially removing the additional regulatory burden for all small businesses, not just the ones that sell renewable energy. He acknowledged that it was too late for the Senate to consider that in this legislation.

CHAIR COSTELLO said the committee would be interested in pursuing that idea.

SENATOR GRAY-JACKSON said she wanted to make sure the APA representative who was listening on line was aware of the next process for the bill.

CHAIR COSTELLO explained that once the bill passes the Senate it goes to the House where it will go through the committee process and then the floor. She noted that the sponsor indicated he was willing to work with ATA during that process.

[1:37:15 PM](#)

At ease

[1:37:47 PM](#)

CHAIR COSTELLO reconvened the meeting and solicited a motion.

[1:37:52 PM](#)

SENATOR HOLLAND moved to report SB 69, [work order 32-LS0432\A], from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO found no objection and SB 69 was reported from the Senate Labor and Commerce Standing Committee.

[1:38:23 PM](#)

At ease

#### **SB 54-AHFC WATER & SEWER BONDS/TRANSPORTATION**

[1:41:07 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SENATE BILL NO. 54, "An Act authorizing and relating to the issuance of bonds by the Alaska Housing Finance Corporation for safe and clean water and hygienic sewage disposal facility capital projects and transportation projects; providing for the repayment of the bonds and bond costs; relating to the dividend paid to the state by the Alaska Housing Finance Corporation; and providing for an effective date."

She advised that SB 54 was introduced on behalf of the governor. This was the second hearing and the intention was to take public testimony and look to the will of the committee. She noted that the next committee of referral was Finance.

CHAIR COSTELLO asked Stacy Barnes if she would like to comment on the bill.

[1:42:02 PM](#)

STACY BARNES, Director, Governmental Relations and Public Affairs, Alaska Housing Finance Corporation, Anchorage, Alaska, deferred comment to CEO Bryan Butcher.

CHAIR COSTELLO asked Mr. Butcher to give the members a brief review of the bill.

[1:42:55 PM](#)

BRYAN BUTCHER, CEO/Executive Director, Alaska Housing Finance Corporation (AHFC), Department of Revenue (DOR), Anchorage, Alaska, explained that SB 54 authorizes AHFC to sell \$101.63 million in tax-exempt capital project bonds to fund DEC and DOTPF federal match in the capital budget, primarily for transportation and village safe water projects. The debt service on the 20-year bonds would come out of the corporation's annual dividend to the state. He noted that the dividend has been over \$40 million the last several years and has the capacity to pay between \$6 million and \$7 million a year in debt service. This depends on the interest rate when the bonds go to market, but the expectation is that rates will remain low.

CHAIR COSTELLO asked if AHFC's AA+ bond rating is separate from the state.

MR. BUTCHER agreed that was correct.

CHAIR COSTELLO mentioned who was available to answer questions.

[1:44:55 PM](#)

SENATOR GRAY-JACKSON noted that she received, but had not reviewed, the list of shovel-ready projects that she requested during the last hearing.

CHAIR COSTELLO asked if she would like the committee to take an at-ease to look at the list before moving the bill.

SENATOR GRAY-JACKSON replied it is 71 pages and she would look at it later.

CHAIR COSTELLO asked Mr. Butcher to describe the process to develop the list.

[1:46:04 PM](#)

MR. BUTCHER explained that AHFC informed the governor's office of the level of bonds that the corporation could fund. The governor's office submitted the list of projects to AHFC to ensure that they fit under the IRS requirements. AHFC had no input on the specific projects but the OMB director indicated they emphasized federal match that needed to occur as the best place for the funds.

SENATOR GRAY-JACKSON asked what percentage of the projects are for Anchorage.

MR. BUTCHER deferred the question to Rob Carpenter with DOTPF.

CHAIR COSTELLO asked Mr. Carpenter to respond to Senator Gray-Jackson. She also asked what percentage of the list applies to statewide airports and whether it includes money for maintenance of airports or just construction.

[1:48:16 PM](#)

ROB CARPENTER, Deputy Commissioner, Department of Transportation and Public Facilities (DOTPF), Juneau, Alaska, offered to follow up with the specific information Senator Gray-Jackson requested as well the information about aviation. He noted that Anchorage typically receives roughly 50 percent of the Statewide Transportation Improvement Plan (STIP) funding. The money for the Airport Improvement Program (AIP) comes from the Federal Aviation Administration (FAA) and it typically goes for rural airport construction work such as runway resurfacing and apron expansion, not things like plowing.

[1:49:30 PM](#)

SENATOR STEVENS asked for an analysis of what the rest of the state receives after Anchorage gets 50 percent.

MR. CARPENTER agreed to provide the information.

SENATOR GRAY-JACKSON asked if the Port of Alaska qualifies for any of the money.

MR. CARPENTER answered mostly no. These Title 23 federal highway projects are generally restricted to maintenance. Funding for the Port of Anchorage would be restricted to roadways leading to the port and potentially for freight staging areas.

CHAIR COSTELLO found no further questions and solicited a motion.

[1:51:45 PM](#)

SENATOR HOLLAND moved to report SB 54, [work order 32-GS1713\A], from committee with individual recommendations and attached fiscal note(s).

[1:52:04 PM](#)

At ease

[1:53:39 PM](#)

CHAIR COSTELLO reconvened the meeting and recognized Senator Holland.

[1:53:42 PM](#)

SENATOR HOLLAND withdrew the previous motion.

[1:53:51 PM](#)

CHAIR COSTELLO opened public testimony on SB 54; finding none, she closed public testimony on SB 54.

[1:54:29 PM](#)

SENATOR HOLLAND moved to report SB 54, [work order 32-GS1713\A], from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO found no objection and SB 54 was reported from the Senate Labor and Commerce Standing Committee.

[1:54:52 PM](#)

At ease

#### **SB 55-EMPLOYER CONTRIBUTIONS TO PERS**

[1:57:41 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SENATE BILL NO. 55, "An Act relating to employer contributions to the Public Employees' Retirement System of Alaska; and providing for an effective date."

CHAIR COSTELLO recounted that this was the second hearing and the intention was to hear invited and public testimony before looking to the will of the committee.

[1:58:33 PM](#)

NEIL STEININGER, Director, Office of Management and Budget, Office of the Governor, Juneau, Alaska, summarized that SB 55 provides tools to change how the state finances its retirement obligations to allow cost sharing with the federal government



and other partners. He clarified that the state intends to continue to fully fund its retirement obligations at the actuarial cost. Furthermore, the state intends to continue to provide the same retirement benefits to current and future retirees.

SENATOR STEVENS asked if OMB would recommend that the state revisit the idea of paying down the retirement obligation as it did some years ago.

MR. STEININGER suggested he was referring to the \$3 billion deposit in FY15.

SENATOR STEVENS agreed.

MR. STEININGER said the \$3 billion deposit was a good decision at the time and would be again if the resources were available. However, it is not an option in the state's current financial situation.

SENATOR STEVENS responded, "You are not recommending any pay down this year then."

MR. STEININGER answered no; OMB's recommendation is to meet the statutory actuarial obligation and continue to do so, but not make any lump sum deposits this year.

CHAIR COSTELLO asked if he was aware of any opposition to the bill

MR. STEININGER answered no.

[2:01:28 PM](#)

SENATOR GRAY-JACKSON asked him to restate that employees will not be required to make additional contributions.

MR. STEININGER answered, "There is no change to the employee experience contribution; there is no additional contribution that any employee will have to make." The bill simply addresses the costs on the state's side.

SENATOR GRAY-JACKSON asked him to confirm that the retirement contributions for the state and the employees will remain whole

MR. STEININGER answered that is correct.

[2:02:06 PM](#)

SENATOR STEVENS asked him to remind the committee of the share that communities pay currently and if there was potential that a larger share may be required in the future.

MR. STEININGER replied that 22 percent is the cap on the share from communities; SB 55 does not seek to change that and there are no plans to change it going forward. The bill only affects the State of Alaska portion.

[2:03:01 PM](#)

CHAIR COSTELLO opened public testimony on SB 55; finding none, she closed public testimony on SB 55 and solicited the will of the committee.

[2:03:31 PM](#)

SENATOR HOLLAND moved to report SB 55, [work order 32-GS1684\A], from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO found no objection and SB 55 was reported from the Senate Labor and Commerce Standing Committee.

[2:03:49 PM](#)

At ease

[2:05:18 PM](#)

CHAIR COSTELLO reconvened the meeting and advised that the committee was waiting for an amendment on SB 9 so it would not be heard today.

[2:05:48 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:05 p.m.